

Employer Frequently Asked Questions (FAQs)

Q1. How do I help my employees know whether the student loans they have qualify for loan forgiveness?

Only Federal Direct Loans are eligible for Public Service Loan Forgiveness.

However, if your employees have other federal loans originated under the Federal Family Educational Loan (FFEL) program or the Perkins loan program, they may be able to consolidate those loans into a new Direct Loan to qualify.

Borrowers can learn more about what type of loan they have through the National Student Loan Data System (NSLDS), available at www.nslds.ed.gov/. This database only contains information about federal student loans. If your employees have private (non-federal) student loans, they will not appear through this system and are not eligible for loan forgiveness.

Consolidating federal loans may cause borrowers to forfeit other benefits. Employees with Perkins loans or those serving in the military should talk to their servicers about the risks associated with consolidation. For more information, see Question 7.

Q2. How do I help my employees know whether they are in the best repayment plan?

For most student loan borrowers seeking Public Service Loan Forgiveness, *Income-Based Repayment (IBR)* is the best repayment plan. IBR sets a borrower's monthly payment at a fixed percentage of his or her income. As a borrower's income rises, his or her monthly payments will also rise, so it is very important for your employees to enroll early and maximize their savings under Public Service Loan Forgiveness.

To enroll in Income-Based Repayment, borrowers should contact their servicers and ask for this option directly. It is important to make sure that they have a loan that qualifies for Public Service Loan Forgiveness before they enroll in IBR (See Question 1). Although IBR is the best choice for most borrowers, there may be circumstances where another payment plan is better for an individual employee. Borrowers can learn more about other options from the U.S. Department of Education, available at www.studentaid.ed.gov/publicservice.

Q3. Public Service Loan Forgiveness requires ten years of monthly payments for an employee to obtain forgiveness. How do I explain to my employees that this isn't a sure thing?

The path toward loan forgiveness presents some risks for borrowers. Because this program is an “all-or-nothing” benefit, it is important for your employees to understand that they must make 120 on-time, qualifying monthly payments in order to obtain loan forgiveness. If your employee leaves public service even one monthly payment short of the required 120, he or she will not be eligible for loan forgiveness and will be required to repay in full. It is also important to know that these *payments do not have to be consecutive*. If your employee makes a late payment or leaves public service for a brief period, he or she will still be able to pick up where he or she left off and continue down the path to loan forgiveness. However, to obtain the biggest benefit under Public Service Loan Forgiveness, your employees should strive to make their 120 on-time, monthly payments in 120 months.

Q4. During what time of year should I have my employees complete the Employment Certification for Public Service Loan Forgiveness form?

In addition to having your employees complete an Employment Certification for Public Service Loan Forgiveness as part of their onboarding process, employers should assist employees in re-certifying annually. It may make sense for you to include this as part of your organization's “Open Season” for benefits enrollment or during tax season when you distribute W-2s to your employees.

But remember, your employees should always check with their servicers to make sure the proper forms were received and that they remain on the path toward loan forgiveness.

Q5. Who can sign the Employment Certification for Public Service Loan Forgiveness form?

The Employment Certification for Public Service Loan Forgiveness form can be signed by any staff member (an “authorized official”) who has access to the borrower's employment or service records and is authorized by your organization to certify the employment status of your current or former employees.

This can be a member of your human resources team or an individual employee's supervisor. It may make sense for employers to designate a single human resources team member to sign the forms for all eligible employees.

Q7. I understand that there may be other benefits for certain teachers. Is Public Service Loan Forgiveness always the best choice?

Highly-qualified teachers in certain low-income schools may be eligible for a different benefit that provides \$5,000 in loan forgiveness after the completion of five academic years as an elementary or secondary school teacher. Highly-qualified math, science or special education teachers may be eligible for up to \$17,500 in loan forgiveness after the completion of five academic years as a teacher in an eligible school.

Your employees cannot obtain a benefit under both the teacher loan forgiveness program and Public Service Loan Forgiveness. For borrowers with low-to-moderate student loan debt who meet other program criteria, Public Service Loan Forgiveness may not be the best choice. For borrowers with high student loan debt, it may still make sense to pursue this option.

Remember, taking the first steps toward Public Service Loan Forgiveness will not jeopardize eligibility for teacher loan forgiveness, so it may make sense for teachers to get started on this path while they weigh their options. To learn more about loan forgiveness for teachers, visit www.studentaid.ed.gov/tc.

Q8. My employee has private student loans. Are there repayment benefits that can help? What other options do they have to tackle this debt?

Private student loans are not qualifying loans under the existing federal loan repayment benefits.

Generally, private student loans have fewer flexible repayment options than federal student loans, but the best thing that your employee can do is to contact their student loan servicer to learn more about the options that might be available.